

## Message Text

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21

ACTION NEA-09

INFO OCT-01 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /085 W

----- 092319

R 190830Z FEB 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 8877

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

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E.O. 11652: N/A

TAGS: EINV, ETRD, PK

SUBJ: GOP NATIONALIZATION ACTIONS AND 1974 TRADE

ACT: COUNTRY ELIGIBILITY FOR GSP

REF: (A) STATE 25721

(B) KARACHI 246(NOTAL)

(C) LAHORE 180(NOTAL)

1. BEGIN SUMMARY: EMBASSY HAS CONSULTED CGS KARACHI AND LAHORE AND AGREES WITH DEPARTMENT THAT ONLY MATTER WHICH MIGHT AFFECT HOST COUNTRY GSP ELIGIBILITY IS UNITED PRESBYTERIAN CHURCH MISSION PROPERTY DISPUTES WITH GOP. ONLY OTHER NATIONALIZATION ACTION AFFECTING US PROPERTY WAS TAKE-OVER OF ALICO (INSURANCE) ASSETS, WHICH DISPUTE HAS BEEN SETTLED. WE SUGGEST DEPARTMENT CONSIDER FORMALLY CONSULT-UP CHURCH HEADQUARTERS IN NEW YORK CITY AND/OR ALSO AUTHORIZING US TAKE UP SUBJECT WITH UP MISSION AUTHORITIES IN LAHORE. END SUMMARY.

2. WE TEND TO DOUBT THAT UP MISSION PROPERTY PROBLEMS WITH LIMITED OFFICIAL USE

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PUNJAB PROVINCIAL GOVERNMENT ARE OF A NATURE WHICH WOULD

MAKE PAKISTAN INELIGIBLE FOR GSP. WHILE THE PUNJAB GOVERNMENT LARGELY CONTROLS NOW THE FORMER MISSION SCHOOLS AND COLLEGES, IT IS NOT CLEAR TO EMBASSY AS TO EXTENT TO WHICH THESE PROPERTIES HAVE BEEN FORMALLY NATIONALIZED OR WHETHER PRESENT COURT CASES INVOLVING SOME OF THESE PROPERTIES ARE PROCEEDING WITH DUE SPEED. THE MISSION'S PROPERTY PROBLEMS ARE VERY COMPLICATED AND THEY SEEM TO INVOLVE TWO INTER-RELATED ISSUES. ONE IS THE EXTENT OF DE FACTO NATIONALIZATION, AND THE OTHER IS THE UP MISSION'S OBJECTIVE OF TRYING TO MAINTAIN CHURCH INFLUENCE IF NOT CONTROL IN THE TAKEN-OVER MISSION SCHOOLS AND COLLEGES. FROM OUR TALKS WITH MISSION OFFICERS, IT APPEARS THAT THE MISSION IS NOT SO MUCH INTERESTED IN MONETARY COMPENSATION AS RETAINING CHURCH CONTROL:

3. WHEN THE GOP NATIONALIZED PRIVATE SCHOOLS AND COLLEGES IN 1972, THEY EXCLUDED "CHURCH PROPERTY." THIS EXCLUSION WAS INTERPRETED BY THE INTER-DENOMINATIONAL WEST PAKISTAN CHRISTIAN COUNCIL AS DEFINITELY APPLYING TO HOUSING FACILITIES AND HOSTELS ATTACHED TO THE TAKEN-OVER INSTITUTIONS. HOWEVER, IRVIN LOTZE, UP MISSION PROPERTY MANAGER, HAS TOLD EMOFFS THAT GOPUNJAB ACKNOWLEDGES WHILE IT HAS ASSUMED CONTROL OF SCHOOLS AS INSTITUTIONS, THE UP MISSION RETAINS OWNERSHIP OF PHYSICAL PROPERTY. LOTZE ALSO SAID GOPUNJAB HAD OFFERED RENTAL FOR SOME SCHOOL PROPERTY BUT MISSION DID NOT WISH TO BECOME LANDLORD TO GOVERNMENT NOR BE TIED TO LONG TERM RENT UNDER RENT CONTROL. THE UP MISSION HAS NOT AT ANY TIME TO OUR KNOWLEDGE ASKED FOR MATERIAL COMPENSATION FOR PROPERTY BEING UTILIZED BY GOP BUT RATHER HAS ATTEMPTED TO BLOCK TAKEOVER ON NEW GORDON COLLEGE CAMPUS THROUGH COURT ACTION AND SECURE CLARIFICATION OF OWNERSHIP AND CONTROL ELSEWHERE.

4. THE NEW GORDON COLLEGE CAMPUS PROBLEM IS THE MOST RECENT OF SEVERAL ON-GOING PROPERTY DISPUTES WITH GOPUNJAB. THE NEXT COURT HEARING ON THE CASE IS SET FOR MARCH. ON JANUARY 27 IRVIN LOTZE TOLD EMBASSY AND CG LAHORE OFFICERS (MEMCON BEING POUCHED) THAT THE COURT IN CHARGE OF THE CASE IS INFLUENCED BY GOP PRESSURES AND CONSEQUENTLY HE EXPECTED THAT THE CASE COULD DRAG ON FOR AS LONG AS TEN YEARS.

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5. AS MENTIONED ABOVE, THE UP MISSION'S PRINCIPAL INTEREST APPEARS TO BE TO TRY TO MAINTAIN SPECIAL PRIVILEGES FOR THE CHRISTIAN COMMUNITY IN THE TAKEN-OVER MISSION-FOUNDED EDUCATIONAL INSTITUTIONS. THE MISSION (ALONG WITH THE ROMAN CATHOLIC CHURCH) ALLEGES THAT THE BHUTTO GOVERNMENT AND PUNJAB PROVINCIAL GOVERNMENT HAVE NOT HONORED PROMISES MADE TO PAKISTANI CHRISTIAN LEADERS IN 1972 TO MAINTAIN THE

CHRISTIAN CHARACTER OF THESE SCHOOLS. THE UP MISSION IS TRYING TO GET GOP TO HONOR THESE ALLEGED COMMITMENTS, WHICH INCLUDE EFFECTIVE CHURCH REPRESENTATION ON SCHOOL BOARDS AND RIGHT TO OFFER CHRISTIAN RELIGIOUS INSTRUCTION IN THE SCHOOLS.

6. SINCE 1974 TRADE ACT IS A PUBLIC DOCUMENT, EMBASSY BELIEVES THAT USG SHOULD PROBABLY SEEK UNITED PRESBYTERIAN CHURCH VIEWS ON WHETHER IT CONSIDERS NATIONALIZATION HAS IN FACT OCCURRED WITHOUT FAIR COMPENSATION. FOR THIS PURPOSE, WE BELIEVE THAT PARALLEL APPROACHES SHOULD BE MADE TO UP CHURCH HEADQUARTERS IN NEW YORK CITY AND UP MISSION AUTHORITIES IN LAHORE. OUR IMPRESSION IS THAT UP CHURCH HEADQUARTERS IN NEW YORK HAS DELEGATED MUCH OF ITS POWERS ON THIS MATTER TO ITS MISSION LEADERS IN PAKISTAN).

7. IF THE UP MISSION IS CONSULTED HERE, WE ANTICIPATE THAT THEY WILL ATTEMPT TO GET USG TO PRESSURE GOP TO HONOR ALLEGED 1972 PROMISES TO CHRISTIAN COMMUNITY RATHER THAN SEEK OUR HELP TO GET MATERIAL COMPENSATION. IN JANUARY WE TOLD LOTZE THAT WHILE USG MIGHT BE WILLING TO HELP MISSION ON MONETARY COMPENSATION, USG WAS UNLIKELY TO BE WILLING TO MAKE REPRESENTATIONS TO MAINTAIN CHRISTIAN PRIVILEGES IN THE TAKEN-OVER SCHOOLS.(WE ARE POUCHING TO NEA/PAB COPIES OF SOME DOCUMENTS MADE AVAILABLE BY UP MISSION TO EMBASSY).

8. PLEASE ADVISE.  
LUPPI

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